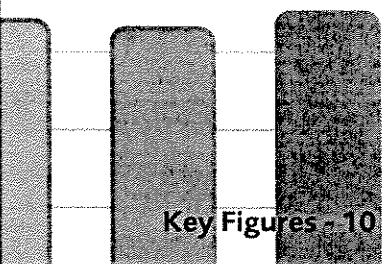
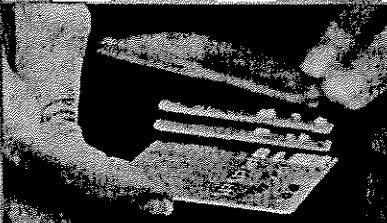
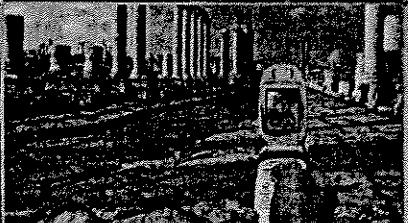
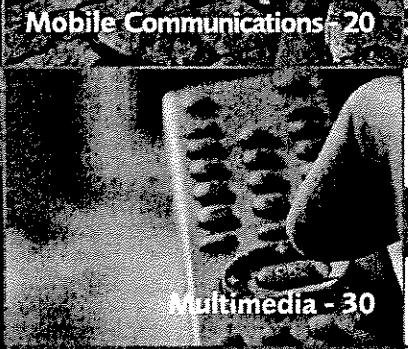
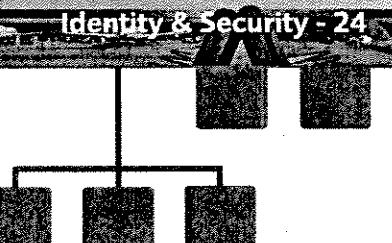
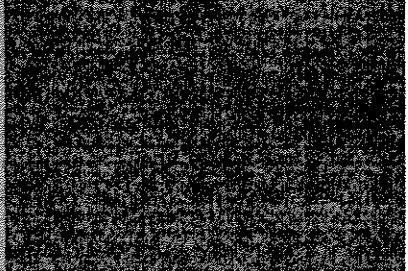


Annual Report 2004-2005

Contents	 Key Achievements - 4	 Message from the Management - 8
 Key Figures - 10	 Research & Development - 12	 Global Implantation - 14
 Payment & Services - 16	 Mobile Communications - 20	 Identity & Security - 24
 Transit - 28	 Multimedia - 30	 Organization - 32
 Corporate Governance - 34		 Financial Report

Profile

With sales of 450.8 million euros in 2004, Oberthur Card Systems is one of the world's leading providers of card-based solutions, software and applications including SIM and multi-application smart cards and services ranging from consulting to personalization.

Innovative products, security expertise and high quality services ensure Oberthur Card Systems' strong positioning in its main target markets:

■ **Payment and Services**

57% of 2004 revenues. The company is the world leader and number one supplier of Visa and MasterCard payment cards.

■ **Mobile Communications**

30% of 2004 revenues, with open and interoperable solutions based on Java™ technology.

■ **Identity**

Strong positions in ID projects throughout the world.

■ **Multimedia**

Leading position in the Pay-TV market with an end-to-end expertise in the value chain, from software development to manufacturing and personalization.

■ **Transit**

Focus on the high-end segment with a micro-processor based offer..

Close to its customers, Oberthur Card Systems benefits from an industrial and commercial presence across all five continents. Listed on the Eurolist section B Stock Exchange (ISIN: FR0000 124133) since July 2000, Oberthur Card Systems is a subsidiary of the François-Charles Oberthur Group.

■ Key Achievements 2004

GSM: thirty seven new operators

During the 2004 fiscal year, Oberthur Card Systems reinforced its significant and promising positions in the mobile sector. The company signed major contracts and won substantial market share. Thirty-seven new operators enlarged the customer portfolio, particularly in Asia-Pacific and Europe. These new references gives Oberthur Card Systems a strong leverage for growth in 2005.

Geographical expansion

2004 was a year of conquest for Oberthur Card Systems in which the company strengthened its worldwide presence. In accordance with the objectives set in 2003, the group significantly expanded its geographical coverage and its production capacity. Among the year's key achievements were the strengthening of the commercial and/or industrial presence in countries such as India, Indonesia, Thailand, Brazil, Hungary and China...

Smart Card
Worldwide Leader
(Technology + Imagination + Global High Security Talk)

The world's #1 supplier of Visa and MasterCard payment cards

"Oberthur Card Systems is yet again the world's leading supplier of Visa and MasterCard cards, a position that the company has held since the mid-90s".
D. Robertson, Nilson Report, December 22 2004.

Rolling out some 216 million units, Oberthur Card Systems accounted for 15% of worldwide production of Visa and MasterCard cards.
5,000 financial institutions across the five continents have turned to Oberthur Card Systems for their smart card-based payment systems.

Prestigious references in Identity

In the emerging Identity market, Oberthur Card Systems has now an impressive number of prestigious references. The company was chosen by the American and Swedish Departments of Defense, SIA (a British governmental agency), the Chinese Army to develop highly secure ID documents.

In 2004, François Charles Oberthur Group began volume shipments of ICAO electronic passports to Belgium.

State of the Art Facilities
Local Support
Innovation
Presence
Made-to-order
Creativity
Services

■ Key Achievements 2004

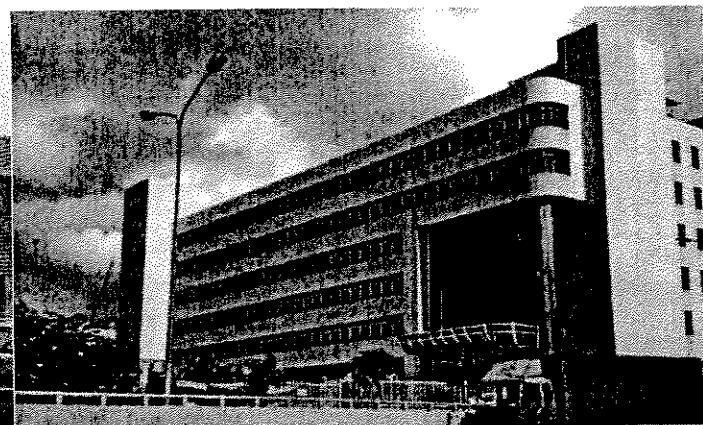
First EMV project in China

Oberthur Card Systems has been selected by the leading Chinese bank, Industrial and Commercial Bank of China (ICBC), as its card technology partner for the forthcoming EMV migration program. *"This project is of vital strategic importance not only for ICBC, but for the future of EMV in China"*, commented Han Xu Sheng, Business Department Manager, ICBC Card Center. *"Oberthur Card Systems has proven itself well qualified to provide us with the support we need"*.

First secured USIM card with high memory capacity

In January 2005, following the launch of the first 1 MegaByte card with multimedia applications, Oberthur Card Systems unveiled the first fully functional 128 MegaByte USIM card, GIGAntIC™, opening new opportunities for potential applications.

Nothing less than a technological revolution, GIGAntIC pushes back the boundaries of USIM card memory capacity.

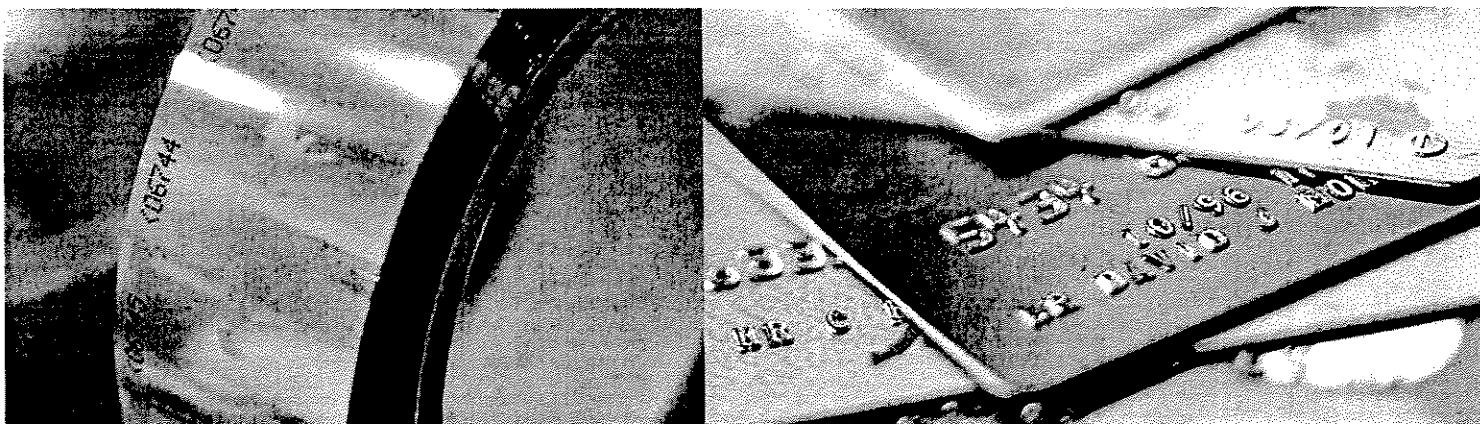


First FIPS 140-2 level 3 certification

In 2004, ID-One 64K dual interface contact and contactless smart card (ISO 14443) was the first of its type to receive the US government's FIPS 140-2 level 3 certification. This approval sets the seal on a technological breakthrough in the field of high security, and will enable Oberthur Card Systems to take part in the next phase of the Department of Defense's Common Access Card program and to bid for international electronic passport contracts.

First SIM card supplier to receive Vodafone Group GUSIM certification

Oberthur Card Systems was the first manufacturer to receive GUSIM certification for the 3G SIM card compliant with the Vodafone Group specifications. The certification is the result of a ten-year-old partnership between the two companies. This major award emphasizes Oberthur Card Systems' commitment to satisfy its customers and willingness to reinforce the Group's supremacy in the 3G market.



Message from the Management

What were the highlights of 2004?

Jean-Pierre Savare:

The outstanding characteristics of 2004 for Oberthur Card Systems were our dynamic performance across-the-board, and the excellent positions we took up, especially in identity. The company posted an excellent EBIT of 40.2 M€, up by 11.2% year-on-year. Our net result also rose sharply from 18.9 M€ to 25.1 M€ in 2004. And the good news for our shareholders doesn't stop there: we also managed to cut back our net debt to a historic low of 41.8 M€.

Pierre Barberis:

Oberthur Card Systems has made breakthroughs in its main markets, laid the foundations for its future, and reinforced its leading position.

Last year, we set our sights on expanding our territorial coverage and winning references in the emerging identity sector. We also set ourselves the goal of improving our internal tools and stepping up our R&D efforts, particularly in contactless technology.

In 2004, we significantly extended our territorial coverage and our production capacity. We now have key operations in Brazil, China, Hungary, India, Indonesia and Thailand.

2004 was also a year of conquest, with new market share gained in all segments. Oberthur Card Systems signed contracts with the American, Swedish and Chinese departments of defense and the Belgian government – all prestigious references in the identity field.

Meanwhile, the first generation of new pre-sales tools is ready: this will enable us to increase our productivity while improving our response time to our customers. Finally, we have kept to our contactless road map with regards to technologies and industrialization processes. We are now confident in our ability to penetrate this new market in 2005, especially in the USA.



What main trends did Oberthur Card Systems notice in 2004?

Jean-Pierre Savare:

The adoption of the EMV standard in banking is expanding, even though some countries are behind the forecasted schedule. Another major phenomenon in 2004, which affected the identity markets: governments throughout the world have now come to realize the fact that there is a need for stronger security. This collective awareness explains why we are witnessing the first volume markets in this sector.

Jean-Pierre Savare
Chairman

Pierre Barberis:

I would also add to this the two major trends observed in the mobile communications market.

First, we noted a strong concentration of our customers in this sector, and Oberthur Card Systems therefore dedicated human and technical resources to optimally address the specific demands of the leading operator groups.

Second, we also noticed that our major accounts have been upgrading their services and applications, and this has led Oberthur Card Systems to offer innovative solutions such as GIGAntIC, the first USIM card with 128 MB of memory.

What can we look forward to in the next few years?**Jean-Pierre Savare:**

In 2004, Oberthur Card Systems committed itself to a globalization process. This trend will continue in the years to come.

We can expect to see banking products that accommodate an increasing range of applications, and the gradual popularization of contactless technologies.

With stronger resources and the trust of both established and recent customers worldwide, we are well positioned to make the most of every growth opportunity presenting itself in the coming years.

Pierre Barberis:

In the mobile communications sector, increasingly sophisticated products will be dominating the scene, enabling Oberthur Card Systems to increase its market share as early as 2005.

We are currently witnessing the implementation of the first generation of products in the identity field. In addition to electronic passports, we should soon see a widespread adoption of electronic common ID documents: national ID cards, health insurance cards, family benefit cards, drivers licences, etc.

On the technological level, Oberthur Card Systems will continue to innovate. The main areas in which we will be pushing forward will be ever-greater memory capacities, the industrialization of contactless products, the development of innovative plastics, and new card form factors.

Jean-Pierre Savare:

To conclude, Oberthur Card Systems believes that its positioning should enable it to grow and generate profits in the near future. As a token of trust in its strategy, personnel and products, it will propose the payout of a dividend of €0.14 per share during the shareholder's meeting on June 7th 2005.



Pierre Barberis
CEO